

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Virginia Electric and Power Company)	Project No. 2009
d/b/a Dominion Virginia Power/Dominion)	
North Carolina Power)	
)	Roanoke Rapids and Gaston
)	Hydroelectric Project

OFFER OF SETTLEMENT

Pursuant to Rule 603 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.603 (2003), Virginia Electric and Power Company, doing business as Dominion Virginia Power/Dominion North Carolina Power ("Licensee") respectfully submits this Offer of Settlement, which resolves all issues related to the New License for the Roanoke Rapids and Gaston Hydroelectric Project ("Project"), FERC Project No. 2009. As detailed below, Licensee submits this Offer of Settlement with the concurrence of all the signatory parties to Comprehensive Settlement Agreement.¹

This Offer of Settlement incorporates by reference the Offer of Settlement filed in this proceeding on July 15, 2003, and contains revisions to Appendix A "Proposed License Articles" of the Comprehensive Settlement Agreement ("Settlement

¹ The signatory parties are: Dominion Virginia Power/North Carolina Power ("Dominion"), City of Virginia Beach, Virginia, City of Roanoke Rapids, North Carolina, Dominion North Carolina Power, Lake Gaston Association, North Carolina Department of Environment, and Natural Resources, North Carolina Wildlife Resources Commission, Regional Partnership of Local Governments, Roanoke River Basin Association, The Nature Conservancy, U.S. Department of Commerce, National Oceanic and Atmospheric Administration, U.S. Department of the Interior, U.S. Fish and Wildlife Service, Virginia Department of Environmental Quality, Virginia Department of Game and Inland Fisheries, Virginia Department of Historic Resources (the "Parties").

Agreement”) filed as part of that Offer of Settlement.² The revisions to the Proposed License Articles (“Revised License Articles”) have been approved by all the signatory parties to the Settlement Agreement.

On March 31, 2004, the Commission issued an Order Approving Settlement Agreement and Issuing New License, *Virginia Electric and Power Company, dba Dominion Virginia Power/Dominion North Carolina Power*, 106 FERC ¶ 62,245 (2004) (“March 31 Order”). The March 31 Order approved the Settlement Agreement in principle and included Articles 401 and 406 (“License Articles”), which reflected the substance of the Proposed License Articles in Appendix A of the Settlement Agreement and modifications deemed necessary to allow the Commission to fulfill its statutory functions. Because the License Articles contained in the March 31 Order did not fully and accurately capture the duties and obligations agreed to and set forth in the Proposed License Articles, Licensee and other signatories to the Settlement Agreement (jointly “parties”) filed a request for rehearing of the March 31 Order that included proposed revisions to the License Articles.³

Following issuance of an order granting rehearing for further consideration of the March 31 Order, the Commission convened a technical conference on June 16 and 17, 2004, to discuss the parties’ proposed revisions to the License Articles. Together with

² The Settlement Agreement consists of four parts: 1) the General Procedures, which establish the general terms and conditions governing the relationship among the parties and aid in the implementation of the Settlement Agreement; 2) Appendix A, Proposed License Articles, which contain those obligations of the Licensee that the parties to the Settlement Agreement request the Commission to incorporate into the new license; 3) Appendix B, Technical Settlement, which sets forth the goals and objectives and establishes specific protection, mitigation and enhancement measures that the Licensee, in conjunction with other parties, shall undertake to achieve the goals and objectives; and 4) Appendix C, List of Parties and Primary Contacts.

³ Separate requests for rehearing were filed by North Carolina Wildlife Resources Commission, North Carolina Department of Environment and Natural Resources, National Marine Fisheries Service, and United States Fish and Wildlife Service.

the Commission's staff, the parties have developed further revisions to the License Articles that reflect fully the duties and obligations agreed to under the Settlement Agreement and adequately address the Commission's statutory functions.⁴ The parties have approved an amendment to the Settlement Agreement, which reflects the parties' concurrence that the Settlement Agreement shall incorporate the Revised License Articles in lieu of the Proposed License Articles. This amendment will be effective upon acceptance and incorporation of the Revised License Articles by the Commission in the New License for the Project as requested herein.

Consistent with the Settlement Agreement, the Licensee requests that the Commission affirmatively approve in fact (not in principle) the Settlement Agreement, as amended and incorporated in this Offer of Settlement, including the four constituent parts of the Settlement Agreement: 1) the General Procedures; 2) Appendix A, Revised License Articles; 3) Appendix B, Technical Settlement; and 4) Appendix C, List of Parties and Primary Contacts. In addition to including the Appendix A Revised License Articles in the published terms of the New License Order, the General Provisions and Appendix B Technical Settlement include provisions critical to understanding and implementing the Revised License Articles and should be included as published Appendices to the New License Order.

The Licensee, with the concurrence of all signatory parties to the Settlement Agreement, respectfully requests that the Commission approve this Offer of Settlement as discussed above and incorporate the Revised License Articles into the new license for the continued operation of the Roanoke Rapids and Gaston Hydroelectric Project.

⁴ The Licensee commends the Commission's staff for their cooperative, constructive and flexible approach to these discussions resulting in the Revised License Articles.

Respectfully submitted,

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